GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:9
ANSWERED ON:10.08.2007
APPRECIATION OF THE VALUE OF INDIAN RUPEE
Das Gupta Shri Gurudas

Will the Minister of FINANCE be pleased to state:

(a) whether the rupee has appreciated by over 6 percent during 2006-07 which has hit the growth of exports and economy;

(b) if so, the details thereof;

(c) whether the Government has set up a panel to discuss the impact of the appreciation of the value of Indian rupee on the economy and suggest measures to tackle it; and

(d) if so, the details of its findings and the measures taken to tackle the problem?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI P.CHIDAMBARAM)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO.9 FOR 10TH AUGUST, 2007 (POSITION NO. 9) BY SHRI GURUDAS DASGUPTA

(a) & (b): Rupee has been appreciating on monthly basis against the US dollar from September 2006 onwards. Over the full year 2006-07, the rupee depreciated by 2.2 percent against the US dollar, while GDP grew by 9.4 percent and exports by 21 percent in US dollar terms.

(c) The rupee appreciation has been higher in the current financial year at 8.9 per cent in July 2007 over March 2007, while exports grew by 18.1 per cent in April-June 2007 in US dollar terms. However, to assess the impact of rupee appreciation on exports and to suggest measures to maintain India`s export competitiveness, Ministry of Commerce & Industry constituted a committee.

(d) As per the findings of the Committee, while the importers and borrowers in foreign currency are not entirely unhappy with the appreciation of the rupee vis-Ã -vis the US dollar, generally, the exporters have seen their profit margins erode as a result of the appreciation of the rupee. The committee has made a series of recommendations for immediate relief to the exporters.

The Government has announced a relief package to exporters comprising enhanced Duty Entitlement Passbook (DEPB) rates, reduction in Export Credit Guarantee Corporation (ECGC) premium, release of Rs.600 crore for clearing all arrears of terminal excise duty and Central Sales tax reimbursement, enhancement of duty drawback rates and reduction in interest rates on pre and post shipment credit.